

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 06148 150911Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 PA-01 PRS-01 /082 W  
-----151011Z 087310 /21

R 150717Z APR 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 3995  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
USMISSION EC BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
USMISSION GENEVA  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMCONSUL MILAN  
AMEMBASSY PARIS  
USMISSION OECD PARIS

LIMITED OFFICIAL USE ROME 6148

PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EAGER, EEC  
SUBJECT: TRANSFER OF WHEAT TO THE ITALIAN INTERVENTION AGENCY

REF: EC BRUSSELS 03343

1. SUMMARY: INCREASING QUANTITIES OF EC INTERVENTION WHEAT ARE  
BEING OBTAINED BY ITALY TO STABILIZE ITS DOMESTIC MARKET AND CON-  
SERVE FOREIGN EXCHANGE. THIS IS TO THE DETRIMENT OF IMPORTS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 06148 150911Z

FROM NON-EC SOURCES, AND PRIVATE TRADING OPPORTUNITIES. IT ALSO  
FORCES ITALIAN MILLERS TO USE LOWER QUALITY WHEAT THAN THEY WOULD  
PREFER. AN ESTIMATED 19 PERCENT REDUCTION IN THIS YEAR'S  
SOFT-WHEAT CROP, CAUSED BY WET WEATHER LAST FALL AND WINTER,  
IS EXPECTED TO RESULT IN AN INCREASE IN TOTAL SOFT-WHEAT IMPORTS  
OF OVER 1.0 MILLION METRIC TONS IN THE 1977-78 MARKETING YEAR.  
END OF SUMMARY.

2. THE WHEAT MARKET IN ITALY IS IMPORTANT BOTH POLITICALLY AND ECONOMICALLY. PER CAPITA CONSUMPTION IS ABOUT 178 KILOS FOR THE COUNTRY OVERALL. PASTA AND BREAD CONSTITUTE AN ESPECIALLY LARGE SHARE OF THE FAMILY BUDGET FOR LOWER INCOME GROUPS. PRICES OF THESE PRODUCTS ALSO HAVE A SIGNIFICANT EFFECT ON THE COUNTRY'S WAGE ESCALATOR (SCALA MOBILE) CALCULATIONS. WHEAT'S IMPORTANCE IS INDICATED BY THE FACT THAT IT WAS THE ONLY COMMODITY EXEMPT FROM THE PRIOR DEPOSIT REQUIREMENT AND OTHER FOREIGN EXCHANGE RESTRICTIONS IN EFFECT DURING THE PAST YEAR.

3. MORE AND MORE IN RECENT YEARS ITALY HAS BEEN USING EC INTERVENTION STOCKS TO STABILIZE ITS DOMESTIC WHEAT MARKET. THE PRINCIPAL ADVANTAGE OVER REGULAR IMPORTS IS THAT THE USE OF SCARCE FOREIGN EXCHANGE IS AVOIDED. INTERVENTION WHEAT ALSO HAS BEEN FAVORABLY PRICED. THE INTERVENTION WHEAT IS SOLD AT AUCTION BY AIMA, THE ITALIAN INTERVENTION AGENCY. AFTER ALL HANDLING AND TRANSPORTATION COSTS HAVE BEEN DEDUCTED, THE REMAINING PROCEEDS FROM THE SCALE (IN LIRE) ARE CREDITED TO THE ACCOUNT OF FEOGA. THIS IS MERELY A BOOKKEEPING PROCEDURE AND INVOLVES NO DISBURSEMENT OF HARD CURRENCY. PARTICIPATION BY PRIVATE COMPANIES IN THE INTERVENTION WHEAT SALES IS LIMITED TO THE TRANSPORTATION AND HANDLING OF THE COMMODITY. THUS, PRIVATE TRADING ACTIVITY IS REDUCED. MILLERS ARE SAID TO BE DISSATISFIED WITH THE QUALITIES OF WHEAT AVAILABLE FROM EC INTERVENTION STOCKS.

4. ITALY WILL HAVE TO IMPORT SIGNIFICANTLY LARGER QUANTITIES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ROME 06148 150911Z

OF SOFT WHEAT IN 1977-78 SINCE DOMESTIC PLANTINGS LAST FALL AND WINTER WERE DOWN SHARPLY DUE TO EXCESSIVE MOISTURE. THE AGATTACHE OFFICE CURRENTLY ESTIMATES THAT THIS YEAR'S CROP WILL TOTAL 4,960,000 METRIC TONS, DOWN 1,150,000 METRIC TONS OR 19 PERCENT FROM LAST YEAR. THE TOTAL SOFT WHEAT IMPORTS ARE FORECAST AT 2.6 MILLION M.T. IN THE NEXT MARKETING YEAR (AUG 77-JULY 78) COMPARED TO AN ESTIMATED 1.4 MILLION M.T. IN THE CURRENT (AUG 76-'77) YEAR. DURUM IMPORTS ARE PROJECTED AT 450,000 AS COMPARED TO ABOUT 400,000 M.T. IN THE CURRENT 1976-77 (AUG-JULY) YEAR. THE 1977 DURUM CROP IS ESTIMATED AT 3,250,000 M.T. COMPARED TO A 1976 CROP OF 3,020,000 M.T. HARVESTED. NOTE: DUE TO EXCEPTIONALLY WET WEATHER DURING THE HARVEST SEASON IN 1976 SOME 210,000 M.T. OF DURUM WERE NOT HARVESTED.

5. ITALY WILL GET AS MUCH SOFT WHEAT AS IT CAN FROM EC INTERVENTION STOCK TRANSFERS THIS YEAR AND NEXT. LITTLE DURUM WILL BE AVAILABLE BECAUSE PRODUCTION OF QUALITY DURUM IS NOT LARGE IN THE REST OF THE EC. MINAGR OFFICIALS INDICATE THE EC HAS PROMISED 400,000 METRIC TONS OF INTERVENTION SOFT WHEAT

FOR THE 1977-78 COMMERCIAL YEAR. THEY ALREADY HAVE RECEIVED  
500,000 M.T. THIS CROP YEAR AND MAY NOT BE ABLE TO GET MUCH  
MORE UNTIL AFTER HARVEST.

6. IMPORTERS SAY THAT THE COEFFICIENT OF EQUIVALENCY WHICH  
IS USED TO ESTABLISH EC LEVIES FOR THE DIFFERENT TYPES OF WHEATS  
FAVORS EC GROWN WHEAT OVER THAT FROM THIRD COUNTRIES. THUS, THERE  
IS STRONG FINANCIAL MOTIVATION FOR IMPORTERS TO BUY FROM THE EC  
INSTEAD OF FROM NON-EC SOURCES. IT IS SUGGESTED THAT THE EXTENT  
OF THIS FAVORITISM TO EC WHEAT WOULD BE A GOOD SUBJECT FOR  
FURTHER STUDY BY USDA/W AND USEC.GARDNER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, IMPORTS, WHEAT, REGIONAL ORGANIZATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 15-Apr-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ROME06148  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770131-0485  
**Format:** TEL  
**From:** ROME  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770452/aaaabtbx.tel  
**Line Count:** 127  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 7be298a4-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 EC BRUSSELS 3343  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 24-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2793137  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TRANSFER OF WHEAT TO THE ITALIAN INTERVENTION AGENCY  
**TAGS:** EAGR, IT, EEC  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/7be298a4-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009